

**CHIEF AUDITOR'S REPORT
SEPTEMBER 2006**

SUBJECT	DATE OF ASSIGNMENT	STATUS
1. Biennial Audit Plan	June 2006	The Board of Administration approved the Audit Plan for Fiscal Years 2006-07 and 2007-08 upon recommendation by the Finance Committee at the June 21, 2006 meeting.
2. Quality Assurance Review	On-going Workload	The Institute of Internal Auditors <i>Standards for the Professional Practice of Internal Auditing</i> requires Quality Assessment Reviews (QAR) of internal audit organizations to ensure compliance with the Standards. The Office of Audit Services completed a self-assessment and submitted it to the Department of Finance for review. The Department of Finance will perform the QAR commencing September 5, 2006. The Office of Audit Services will report the results to the Finance Committee.
3. Financial Statement RFP	On-going Workload	The Office of Audit Services will present a recommendation to the Finance Committee of a Certified Public to serve as the Board of Administration's independent financial statement auditor.
4. SB 1452	On-going Workload	SB 1452 was approved by the Senate and Assembly. Currently, SB 1452 is pending on the Governor's desk. The author's office points out that the provisions of this bill relating to "internal audits" are similar to Securities Exchange Commission (SEC) regulations adopted pursuant to the Sarbanes-Oxley Act of 2002 (effective 2004) pertaining to publicly traded corporations.
5. Monitoring and Responding to Exposure Drafts and Proposals	Ongoing Workload	No new issues to report.
6. Reportable Significant / Material Findings	Ongoing Workload	No new issues to report.